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# The Influence of cross-cultural management practices on organizational performance: a study of multinational corporations in Nairobi

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**The Influence of Cross-Cultural Management Practices on Organizational Performance: A  
Study of Multinational Corporations in Nairobi**

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**A thesis submitted in partial fulfilment of the requirement for the Degree of Master of  
Commerce at Strathmore University**

**School of Management and Commerce  
Strathmore University  
Nairobi, Kenya**

**June, 2017**

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Miriti Brian Mawira

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9<sup>th</sup> June, 2016

## **APPROVAL**

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## **ABSTRACT**

Cross-cultural management has turned out to be an issue of concern and in need of urgent addressing especially for multinational corporations that want to succeed in the global market. The dynamics of this phenomenon are different in the developed economies in contrast to developing economies. This study had the objective of exploring the influence of cross-cultural management practices on organization performance among multinational companies operating in developing economies the case being Nairobi, Kenya. The specific objective of the study was to firstly identify the type cross-cultural management practices used by multinational corporations in Kenya and secondly to determine how these practices influence the organization performance. Primary data was collected using questionnaires. The target population were 43 the multinational corporations which had their Africa regional headquarters in Nairobi County. Descriptive statistics, correlation analysis and regression analysis were used to analyse the data. Recruitment and selection, training and development and employee participation were examined against organization performance specifically employee satisfaction. The findings from the results showed that recruitment and selection, and training and development were significant in influencing employee satisfaction. Employee participation was however found to be insignificant. The study concluded that the adoption of cross-cultural management practices was critical in improving organization performance of multinational corporations. This study recommended that multinational corporations need to adopt recruitment and selection, and training and development which will ensure that they manage cultural diversity and have high levels of organization performance. The limitation of this study was that the study considered only the multinational corporations in Nairobi County. This research suggested that future research should explore a longitudinal research design so as to provide an assessment of the influence of cross-cultural management practices on organization performance over a period of time.

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## **LIST OF ABBREVIATIONS**

<b>FDI</b>	Foreign Direct Investment
<b>MNC</b>	Multinational Corporation
<b>POS</b>	Perceived Organization Support
<b>UNDP</b>	United Nations Development Programme
<b>RS</b>	Recruitment and Selection
<b>TD</b>	Training and Development
<b>EP</b>	Employee Participation
<b>SPSS</b>	Statistical Program for Social Science

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

From the mid-1980s, the world economy has become even more interlinked and integrated due to increasing transportation methods and the transmission of information and communication (Giddens, 1999; Boot, 1999). The result of this globalization has led to increased Foreign Direct Investments (FDI), capital movements, gross trade around the world as well as technological transfers (Jordan and Majnoni, 2003). Martens (2010), defines globalization as a process of collaboration and integration of activities involving organizations and individuals such as people, firms, banks, and governments from different countries. The globalization process is driven by international trade and investment and assisted by information technology which affects cultural environment, human physical well-being, political systems and economic development around the world (Gaston & Khalid, 2010).

Increasing globalization and economic reforms have resulted in the rise of emerging economies and in turn the expansion of multinational corporations in these emerging economies (Khanna & Palepu, 2006). A multinational corporation (MNC) is a business organization whose activities are located in more than two countries, and it is the organizational form that defines foreign direct investment (Gaur, 2007). Dunning (1993), defines a multinational company as one which is incorporated in one country (called the home country); but whose operations extend beyond the home country and into other countries (called the host countries) in addition to the home country.

With the progressive globalization of the multinational corporations, businesses are increasingly finding themselves working more often with culturally diverse employees and business partners, an experience which has proven to be rewarding and yet challenging (Cullen, 2002). Multinational companies are slowly coming to the reality that organizational conflict generated by culture is key and inherent for their development as they scale towards being global players (Johann, 2008). Going abroad represents an opportunity for companies to reach new

customers in a much larger extent, but they also must face cross-cultural challenges (Cuervo-Cazurra, 2007).

### **1.1.1 Cross-Cultural Management Practices**

Hofstede (1991) defines culture as the integrated pattern of human knowledge, belief, and behaviour which is found in every individual; is part of the personality; and has the universal characteristics of human beings. Culture is the learned and shared values, beliefs and behaviours of a group of interacting people (Milton, 2013). Multinational corporations usually operate in environments that have diverse cultures. In order for them to better understand culture, there has to be an understanding of the conflicts that may arise due to differences among cultures and establish management practices that will alleviate these differences (Avruch, 1998).

Cross-cultural management explains the behaviour of people in organizations around the world and shows people how to work in organizations with employees and client populations from numerous diverse cultures (Adler, 2008). Cross-cultural management practice therefore involves developing strategies and structures that manage work teams in ways that considers the differences in cultures, values, practices and preferences in an international business context (Singh, 2012). Multinational organizations have the responsibility of developing cross-cultural management practices which harmonize not only with the strategic needs of the firm but also the needs of individuals working in the firms so as to improve on the overall organization performance (Tjosvold & Kwok, 2003).

Previous studies have found that cross-cultural management practices have an effect on organization performance and competitive advantage of an organization (Balochi, 2010; Qureshi, 2010; Khan, 2010). Pfeffer (1994) identified 16 practices which can enhance a firm's competitive advantage such as employment security, recruitment and selection, information sharing, participation and empowerment, training and skill development, incentives, high wages, and promotion among others. There is a general consensus from other literatures that recruitment and selection, training and development, and employee participation as cross-cultural management practices are generalizable and together they are useful in measuring non-financial organization performance especially when the indicators used are employee based (Laurent,

2012; Laing, 2009; Masood, 2010; Rauf, 2007). According to Barney (1991), multinational firms can gain a sustainable competitive advantage by developing and enhancing these three practices. Therefore, for this study, the cross-cultural management practices that were focused on were recruitment and selection, training and development, and employee participation.

### **1.1.2 Organization Performance**

Organization performance can be described as the attainment of particular objectives measured on the basis of identified set standards (Richard, 2009). Kenney (2012) stated that employee's performance is measured against the performance standards set by the organization. Good organization performance illustrates how well an employee has performed his or her assigned task. All organizations have set certain expectations towards the employees and their performance in order to achieve allocated objectives. To achieve this, they should set goals and standards against which individual and organizational performance can be measured (Draft, 2014).

Performance measures are largely described as two dimensional (Agarwal, Erramilli & Dev, 2003). One dimension is the objective performance, which involves financial and market-based measures, such as capacity utilization, profitability and market share. The other is subjective (judgmental) performance which involves customer and employee based measures, such as service quality, employee and customer satisfaction (Hagedoorn & Cloodt, 2003). Judgmental measures are important prerequisites for profitability and imply that for a company to achieve successful objective performance, careful attention must be paid to the service quality offered, as well as to both customer and employee satisfaction (Agarwal, 2003).

According to Neely (2009), organization performance can be measured by financial and non-financial indicators. Financial indicators are the traditional performance measures that use figures and include revenue, profit, return on investment, cash flow position and sales among others (Luther, 2015). On the other hand, non-financial indicators give information on the activities that an organization sees as important to the achievement of its strategic objectives. Non-financial indicators include measures that relate to customer relationships, employees, product and service quality, and market share (Kaplan & Norton, 2010).

The roles of financial performance measures used by organizations are becoming inadequate because of rapid changes such as accelerated technologies, increased product and movement of people across the globe and which in turn leads to multi-cultured organizations (Moers, 2015). From a uniquely financial perspective, modern day organizations have begun to consider non-financial perspectives, as well as to include a cause and effect relation between the operational dimension and the organization behaviour dimension (Armstrong, 2013). The crucial importance of non-financial indicators which are based on employee success strategies are perceived to be immune from the various shortcomings of financial measures (Kaplan, 2013; Eccles, 2011). Simons and Davila (2014, p.73), argued that classic financial indicators for measuring performance are useful but are not specifically destined to reflect the organization's quality of work when implementing strategies.

Gordon and DiTomaso (2012) indicated that cross-cultural management practices with strong momentum and adoption have a positive effect on improving performance of a company. Hackman (2009) argued that organization members with different nationalities need to be encouraged to cooperate, explore and innovate especially when there is a change in the working environment in order to improve performance. Organizations can create a wonderful phenomenon of complementing or melding different cultures in cross-cultural management to enable its members to accommodate, or accept all cultures, for achievement of organizational goals (Akinyi, 2015). The organizations performance measure that this study therefore focused on was employee satisfaction. This is because the study adopts people based independent variables and thus this indicator will be based on employees in an organization.

According to Nancy (2007), satisfaction refers to the level of fulfilment of one's needs, wants and desire. Satisfaction depends basically upon what an individual wants from the world, and what he gets. Employee satisfaction is a measure of how happy workers are with their job and working environment. Effective organizations should have a culture that encourages the employee satisfaction (Bhatti & Qureshi, 2007). Likert (1991) argued that collaborative effort directed towards the organization's goals is necessary for achievement of organizational objectives, with unhappy employees failing to participate (effectively) in such efforts. Harter

(2012) found positive and substantive correlations between employee satisfaction and the business unit outcomes of productivity and job engagement.

Penrose (2007) added that, if employees are satisfied with working in a particular organization or team, they create more value, both individually and collectively, because the services they offer are improved by their better knowledge of their team-mates and of the particular methods and environment of the organization. Kyle (2007) in his study pointed out that as an employer, you need to understand why your employees are emotionally connected to your organization. He further argues that emotionally connected employees are employees who perform better because they are engaged and productive, and they feel validated and appreciated.

Past research studies have reported mixed findings on the impact of cross-cultural management practices on organization performance (Chenhall, 2015; Denison, 2009; Ittner, 2008). Zhao (1995), for instance carried out a research on the impact of cross-cultural management on organizational performance of three developing countries: India, Brazil and Mexico. The study compared the performance of organizations in these countries to those of developed countries in North America and Western Europe. The results of this study showed that as much as the organizations in developed countries were using the cross-cultural management practices, they had no significant impact on organizational performance. However, in the developing countries, the study found that cross-cultural management practices had a significant influence on organization performance such as profits and increased market share.

Previous studies have also focused on cross-cultural management practices between developed countries which are mostly found in North America and Europe. The bulk of these studies have been carried out in the western context making generalization difficult. For example Pudelko, (2007) and Marina (2009), have carried out research in North America and Europe with regards to cross-cultural management and concluded that organization culture in these spheres are more homogenous and thus universal approaches to managing cross-cultural practices within the organization will be suitable. Jackson (2011) argues that with increased emergence of multinational corporations in developing countries such as those in Africa and Asia, little empirical research has been carried out to determine how diverse cultures will affect



performance of these organizations. There seems to be few studies conducted in the Kenyan context focusing on cross-cultural management practices and organizational performance (Dimba, 2007).

### **1.1.3 Multinational Corporations in Kenya**

Multinational corporations (MNCs) dominate major sectors of the Kenyan economy, including manufacturing, petrochemicals and telecommunication (Mugeni, 2015). Kenyan policies on foreign investment generally have been favourable since independence and this has led to an increase of MNCs in Kenya (Chelimo, 2013). Michael Porter (1990) said that, the competitive advantage of a nation depends on collective competitive advantages of nations firms. The competitive advantage of Kenya is a key factor that leads foreign investors to set up their MNCs offices in Nairobi (PricewaterhouseCoopers, 2012).

Increased competition among multinational corporations and entry of other players in the Kenyan market has necessitated the need to develop cross-cultural management practices that guarantee organization performance (Chelimo, 2013). As MNCs enter the Kenyan market, they realize that the key to success is adapting and localizing products and operations to suit Kenyan requirements (Smith, 2010). While commerce, technology and trade practice barriers are being overcome, cultural issues are emerging as the new barriers for business. With Kenya's multicultural, multi-linguistic and multi-religious mix of human capital, established American or European models will not work here effectively without local adaptations (Kaloki, 2011).

There have been various studies carried out on cross-cultural management practices within the Kenyan context. Chelimo (2013) studied the effect of cross-cultural management practices on organization performance in the Kenyan banking sector. The study focused on then direct relationship between hiring expatriates, meritocracy and training on organization performance. The study concluded that only training and the hiring of expatriates affected firm performance. Nzioki (2011) focused on knowledge management, training, and language as practices that influence firm performance of home-grown Kenyan MNCs. From this study, it was concluded that only knowledge management affected organization. Mugeni (2013) looked at work teams

and cultural audit as cross-cultural management practices. The study showed that only work teams influenced firm performance of MNCs in Kenya.

Further, Njuguna (2016) focused on language and power distribution within MNCs in the construction sector. The study showed that both language and how authority was distributed within an MNC affected its performance. Gideon (2013) studied the influence of cross-cultural management practices and market entry strategies on MNCs in the manufacturing sector. The study showed that in as much as cross-cultural management practices helped in harmonizing organization behaviour and culture, the practices had no influence on organization performance. In addition, market entry strategies such as licensing, franchising and subsidiaries were more important in influencing performance.

Even though the developing countries Kenya included have received a large share of multinational companies' investments, a review of the literature shows that there is no consensus on the influence of cross-cultural management practices and organization performance. Further, literatures from these studies show that developing countries have a diversified cultural orientation yet multinational corporations that venture into these markets assume a universal approach in managing diverse cultural orientation. Nyambegera (2014) established that cross-cultural management practices have an influence on organizational performance and therefore it will be significant to carryout research on MNCs in Kenya so as to establish the influence of cross-cultural management practices on organization performance.

## **1.2 Problem Statement**

The number of multinational corporations investing in the country has been increasing and thus all multinational organizations have the objective of maintaining a competitive edge over others. It is for this reason that cross-cultural management practice is a key concept that merits the attention of scholars when analysing organizational performance (Thomas & Mark, 2014). Multinational corporations in Kenya have tried to incorporate cross-cultural management practices into their operations. However, they continue to face increasing challenges in implementing these practices due to Kenya's status as a multi-cultured country and that most foreign organizations still continue to apply home country practices (Dimba & K'obonyo, 2007).

Despite growing globalization and increase in MNCs, there is still limited literature on cross-cultural management practices in developing countries and their impact on performance of multinational companies (Debrah & Ofori 2015). Kenya is a developing country with a diverse cultural orientation and therefore it is imperative for foreign firms to understand this diversity and develop practices that harmonize difference in operating environment between home country and host country. The existing studies in this relation (Harvey, 2012; Kamoche, 2012; Kraak 2015) have taken a universal approach in relation to cross-cultural management practices and organization performance. This has created a gap on the issue of the impact of cross-cultural management practices on organization performance in developing countries (Kotter & Heskett, 2012).

The effect of cross-cultural management practices on organization performance has been extensively discussed. Various researchers have looked at organization performance through different dimensions, but few have focused on the direct relationship between cross-cultural management practices and organization performance with regards to employee satisfaction (Gideon, 2013; Kibet, 2013; Dimba, 2013; Aluko, 2003). In addition, there have been mixed findings with regards to the influence of cross-cultural management practices on organization performance. Therefore, despite the growing research in this area, there seems to be no agreed consensus on the influence of cross-cultural management practices on organization performance (Kandula, 2006; Cleveland, 2015, Magee, 2012). In this regard, this study sought to assess the influence of cross-cultural management practices on organization performance by focusing on multinational corporations in Nairobi.

### **1.3 Research Objectives**

The main purpose of this study was to establish the influence of cross-cultural management practices on organizational performance of multinational corporations in Nairobi County.

#### **1.3.1 Specific Objectives**

- i. To identify the types of cross-cultural management practices used by multinational corporations in Nairobi.

- ii. To establish the extent to which recruitment and selection influences organization performance of multinational corporations in Nairobi.
- iii. To determine the extent to which training and development influences organization performance of multinational corporations in Nairobi.
- iv. To establish the extent to which employee participation influences organization performance of multinational corporations in Nairobi.

#### **1.4 Research Questions**

- i. What are the types of cross-cultural management practices used by multinational corporations in Nairobi?
- ii. To what extent does recruitment and selection influence organizational performance of multinational corporations in Nairobi?
- iii. To what extent does training and development influence the organization performance of multinational corporations in Nairobi?
- iv. To what extent does employee participation influence the organization performance of multinational corporations in Nairobi?

#### **1.5 Significance of the Study**

The study was significant to multinational organizations since it provided first hand primary information on issues dealing with cross cultural management practices in emerging economies and their impact on performance. More specifically, the issues that were reviewed include how cross-cultural management practices influenced employee satisfaction and the overall organization performance.

Augmented empirical studies as well as additional knowledge that this study cultivated will provide scholars and academics an opportunity to delve further into cross-cultural management practice and organizational performance. Future scholars and researchers in the field of human resource management can benefit from this study as it will help build knowledge on existing literature. The study can be used as a source of reference and further suggesting areas where future research can be carried out.

## **1.6 Scope of the Study**

This study was specifically focusing on three cross-cultural management practices which are recruitment and selection, training and development and employees participation. The study therefore explored the relationships between these three cross-cultural management practices and non-financial organization performance of multinational corporations in Nairobi. The population of the study were the 43 multinational corporations that have their Africa regional headquarters in Nairobi County.

## **1.7 Chapter Summary**

This chapter focuses on the reasons and importance of undertaking the study. The main objective of the study was to analyse the relationship between different cross-cultural management practices and organization performance in the Kenyan context specifically in Nairobi County. It also explains the existing knowledge gap in this area of study. Other key areas highlighted in the chapter include the research problem, the research questions the study aims to answer and the scope of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section presents the literature review. Firstly, a theoretical framework is provided which focused on the theories relating to the study. Secondly, an empirical review of the studies that have been done on the influence of cross-cultural management practices on organizational performance. The section then concluded with the research gap and the conceptual framework which links the cross-cultural management practices to organization performance.

#### **2.2 Theoretical Framework**

This section presents theories that relate to cross-cultural management practices used in organizations. This study was based on three theories, which are, Adaptation Theory; Recruitment and Selection Theory; and Social Dualism Theory. These theories have been used in studies that have researched on the relationship between cross-cultural management practices and organizational performance (Barber, 1998; Bokor, 2009).

##### **2.2.1 Adaptation Theory**

This theory states that cross-cultural adaptation is conceived as a process of acquiring new, or modifying and reinforcing existing, knowledge, behaviours, skills, values, or preferences which may lead to a potential change in synthesizing information, depth of the knowledge, attitude or behaviour relative to the type and range of experience (Holden, 2002). Several internal and external forces are simultaneously at work surrounding the communicative interface between the individual and the host environment. This leads to a natural human tendency to struggle for an internal equilibrium in the face of often adversarial environmental conditions (Jackson, 2004).

Some of the factors may be more relatable than others in specific cases of cross-cultural adaptation. Patel (2013) argues that in some cases, adaptive successes may be almost entirely due to the openness, strength, and positivity of the foreigner's personality, which enable the foreigner to overcome even the most severely impervious host environment. In other cases, very little adaptive change may take place in the foreigner, whose ethnic community offers an almost

complete insulation from having to face the host cultural challenges (Johan, 2008). However in most scenarios, employees within a multinational organization will slowly but gradually experience a personal identity transformation. The subtle and unconscious personality change will lead to intercultural individuals (Pandey, 2012).

Adaptation theory, further argues that it is important for foreign multinational corporations to engage in social communication processes with the host country so as to adapt to norms and practices of the host culture (Lombardo, 2011). This means that for a multinational organization to adapt successfully, it will need to concentrate on acquiring new cultural practices and be willing to put aside some of the old ones. To become knowledgeable in the host country, communication system will require active participation in the interpersonal and mass communication processes of the local community (Bhattacharyya, 2010).

In this regard, it is important for multinational organizations operating in foreign companies to be aware of diverse facets of the host culture in order for them to adapt seamlessly (Farnell, 2002). Adaptation also relies on constant communication as well as active participation in the host country. This theory was important in this study in that it justifies why MNCs should adopt the cross-cultural management practices and how an organization will adapt to these practices will have an influence on how it performs. If all stakeholders within an organization are able to gradually adapt and accommodate host country culture, it will be easier for the organization to adopt practices that will directly influence its performance.

### **2.2.2 Recruitment and Selection Theory**

Barber (1998) defines employee recruitment and selection as practices and activities carried on by an organization for the purpose of identifying and attracting suitable employees. Many large corporations have employee recruitment strategies that are designed to attract potential employees that are not only capable of filling vacant positions but also add to the organization's culture. The objective of recruitment is to explore and identify as many potential candidates as possible and attract them to the job prospects of the company. When organizations manage to recruit the right applicants, the selection of the most qualified ones and the ones who fit the organization and the job at the best will be hired (Bokor, 2009).

Culture plays a significant role in recruiting and selecting candidates. It is very important to choose the right candidate for the right job to accomplish the organization's objective (Pudelko, 2007). Different cultures lay emphasis on different attributes and criteria for selecting the candidates as the work environment and practices varies from country to country (Maude, 2011). It is therefore important that human resource managers understand the culture of the country before the procedure of recruitment and selection as requirements vary from country to country.

This theory was relevant in relation to this study because it emphasises the importance of recruiting and selecting potential employees who are culturally fit to both the internal and external environment. Cultural fit is the likelihood that someone will reflect and/or be able to adapt to the core beliefs, attitudes, and behaviours that make up the organization. Employees who fit well with their organization and external environment have a greater job satisfaction, and are more likely to be satisfied, remain with their organization, and show superior job performance.

### **2.2.3 Social Dualism Theory**

Social Dualism is the opposing of an imported social system with a local social system of another style. Dualism uses the concept of 'East' and 'West' as different expressions for the underdeveloped or dual economies, and developed capitalist economies respectively (Pauline, 2007). Underdeveloped economies, that is, economies of the East are generally developing countries. Co-existence of two diverse social orders is the principal property of such economies. Social dualism thus is kind of social disintegration caused by the rise of capitalism in less developed economies (Boeke, 2014).

Social Dualism Theory, points out that in most developing countries, there exist conflicting sets of conditions, of which some are "superior" and others "inferior", and which coexist in a given space (Hosftede, 1990). This confliction arises due to the fact that most developing countries such as those in the third world were once colonized by western or the developed countries. This therefore means that the developing countries still retain some cultural traits of their colonial masters.



In this regard, Social Dualism Theory is quite significant in this study in that it tries to explain how multinational corporations operating in developing countries should be aware of the conflict between traditional roles in the host culture and the contemporary global management thinking. It emphasises on need for organizations to identify the various inherited cultures in developing countries and come up with cross-cultural management practices that will unify the differences in values and beliefs within an organization setting. Top managers in these organizations need to understand the organization in these dualistic processes, in terms of inherent conflicts and tensions, and swinging from one side of the duality to the other and more importantly, the need to outline diverse cultures and mechanisms to build dualistic characteristics into their firm so as to create well-balanced firms.

## **2.3 Empirical Review**

This section discussed the types of cross-cultural management practices used by multinational organizations and the relationship between these practices and organization performance.

### **2.3.1 Recruitment and Selection and Organization Performance**

According to Costello (2009), recruitment is a process that provides an organization with a pool of potentially qualified job candidates from which thoughtful selection can be made to fill the vacancies. As explained by Opatha (2010), recruitment is the process of finding and attracting suitably qualified people to apply for job vacancies in the organization. It is a set of activities an organization uses to attract job candidates who have the needed abilities and attitudes.

Selection is the process of making the choice of the most suitable applicant from the pool of applicants recruited to fill the relevant job vacancy (Opatha, 2010). Selection is the process by which specific instruments are engaged to choose from the pool of individuals most suitable for the job available (Ofori & Aryeetey, 2011). According to Gamage (2014), the objectives of selection function is to get the right person to the right job, establish and maintain a good image as a good employer, and maintain the selection process as cost effective as possible. Selection involves the use of one or more methods to assess applicant's suitability in order to make the correct selection decision.

Selection is an extremely important aspect to consider for businesses due to a number of reasons. Often the performance of businesses relates directly to the people working within it, meaning the right people need to be hired to ensure organizational success (Henry & Temtime, 2009). It is vital that organizations get the process right the first time round, because resources are scarce enough as it is. Selecting the right applicant can be a difficult task, but at the end of the day, the organization's reputation is held by the people it employs (Henry & Temtime, 2009).

Terpstra and Rozell (1993) reported of a positive association between the extensiveness of recruiting, the use of formal selection procedures and firm performance. Similarly, Rauf (2007) discovered that sophisticated recruitment and selection procedures are positively related to performance in organizations. According to Sarkar and Kumar (2007), organizational performance is hinged on the approach which the organization adopts in the recruitment and selection of employees. To this end, Sarkar and Kumar (2007) spoke of a holistic model of recruitment i.e. emphasizing the importance of the whole process of recruitment and the inter-dependence of its parts (Sinha & Thaly, 2013).

Recruitment and selection play a pivotally important role in shaping an organization's effectiveness and performance (Latham, 2007). If work organizations are able to acquire workers who already possess relevant knowledge, skills and aptitudes and are also able to make an accurate prediction regarding their future abilities, recruiting and selecting staff in an effective manner can both avoid undesirable costs such as those associated with high staff turnover, poor performance and dissatisfied employees and engender a mutually beneficial employment relationship characterized, wherever possible, by high commitment on both sides (Pilbeam & Corbridge, 2006).

Researches with regards to recruitment and selection have also shown negative findings in relation to organization performance. Kersley, (2009) argued that poor employee and organization performance was caused by different factors such as inadequate interpersonal skills, lack of proper communication but not recruitment and selection of organizational fit employees. Armstrong (2011) further argued that many potential recruits create false impressions that embody perfect fit in terms of organization demands, values, beliefs and attitudes. The core of

this problem is associated with the difficulties involved in distinguishing candidates who are truly qualified (i.e. substance) from those who simply construct images of qualifications and competence (i.e. form).

In an increasingly competitive environment the content of jobs may change quickly overtime, because of shifts in corporate strategies or technological innovations. Stable person/job match is unlikely in such unpredictable organizational environments. The increasing use of self-managed teams makes it difficult to view individual jobs as the key unit of analysis. Team members may be given the responsibility of allocating tasks between members and engage in collective problem-solving efforts that can be more meaningfully understood at the group level of analysis (Delery & Doty, 2014).

### **2.3.2 Training and Development and Organization Performance**

Training and development is considered as the process of improving the existing skills, knowledge, exposure, and abilities in an individual. According to Saleem and Mehwish (2011), training is an organized increase of the know-how skills and sensations needed for staff members to execute efficiently in the offered process, as well as, to operate in underling situation. Moreover, it also enhances the capabilities of panel of employees in a very effective way by motivating them and transforming them into well organize and well-mannered, that ultimately affects the performance of organization.

Laing (2009) defines training as an indicator to enhance superior skills, knowledge, capabilities and outlook of the employees that results in effective performance of the workers. However, he adds one thing more that development extends the production of the organization. Massod (2010) and Khanfar (2011) argued that training is an active means to enable an individual to make use of their potential. According to Goldstein (1980) and Latham (1988), training is defined as the systematic development and acquisition of knowledge, attitude and skill required of employees to adequately perform an assigned task to boost productivity performance in the workplace.

Bowra (2011) found that successful organizations tend to be progressive knowing that there are volume of factors which contribute to performance of organization but human resource is

definitely the most essential one. According to Celia (2007), the goal of training is to enhance the organization effectiveness. It also demands an influence on employee's performance, as well as in relation to organizational performance which is mediated by means of employee's performance. Aguinis and Kraiger (2009) said that training improves the overall organization profitability, effectiveness, productivity, and revenue and other outcomes that are directly related to the training in improving the quality of services.

From past researches related to training and overall organizational performance, Thang (2004) indicated that training is able to generate a positive and significant effect on firm performance. They also explained that with training, an organization can be shown the clear way to improve performance. Furthermore, technical and non-technical training can have positive impacts on human resource outcome and overall firm performance (Fey, 2000).

In another study by Khan (2010), the results indicated a significant relationship involving; recruitment and selection; training and development; and employee participation with organizational performance in the oil and gas industry in Pakistan. In support, Choi (2013) also concentrated on the relationship between management practices and firm performance. The results indicated that practices such as training, performance appraisal, and recruitment and performance are important attributes of firm performance.

Okanya (2008) says that training directly influences employee performance and puts indirect effect on the organization performance that is mediated with employee performance. Muzffer, (2012), said that a trained employee is an important asset for the organization. Trained employees achieved the long term goals which are valuable for the organization success. Training improves the interpersonal skills of employee. Training maintains the capability of both employees and organization. Training available to employees helps meet the needs of both the organization and the employee in order to build and retain a work force of skilled and efficient employees.

Research has also shown that training does not directly influence organization performance. Training is often criticized for being faddish, too expensive, not transferring to the job, and not

improving the bottom line (Caudron, 2012; Wright & Geroy, 2011). Indeed, training programs are implemented for reasons other than improving performance such as legal compliance, rewarding and retaining employees, or because of training fads. There is scepticism about the link between training and results criteria. For example, Alliger and Shotland (2007, p.346) claimed that “most training efforts are incapable of directly affecting results level criteria”. (Wright & Geroy 2011, p.586) referred to the belief that training leads to improved organizational performance as a myth that equates training with goodness.

Cheramie (2007), argued that, management, mostly feel hesitant while investing in its human resource due to various reasons. Sometime, in spite of receiving effective and timely training programs, employees intend to cash it for the sake of their own market value and employment opportunity, or willing to change job just because of higher salaries, and thus, firm investment in training results to cost rather than performance. It is also observed that due to the resistance of the organization towards offering training, it propels individuals to invest in training themselves for their career development and greater performance (Baruch, 2006).

Research on the effects of training on results criteria remains sparse, especially at the organizational level of analysis. Furthermore, most organizations still only evaluate training programs using reaction criteria, and very few measure the impact of training on results (Alliger, 2007; Kraiger, 2013; Kraiger, 2014). Thus, when it comes to the effects of training on organizational outcomes or results criteria, there has not been the same degree of progress as there has been on practice of training at the individual level of analysis (Kraiger, 2013; Salas & Cannon-Bowers, 2011).

### **2.3.3 Employee Participation and Organization Performance**

Participation is the mechanism of work dialog among workers, which gives them the opportunity to exchange information and ideas (Adel, 2010). It is an arrangement that ensures that employees are given the opportunity to influence management decisions and to contribute to the improvement of organizational performance (Abdulkadir, 2012). Participation is about employees playing a greater role in the decision-making process and would lead to company performance effectiveness (Antonio, 2000). This dynamic is generally referred to as Perceived

Organizational Support (POS). Allen (2003) found that perceptions of supportive human resource practices influenced POS which in turn led to higher levels of organizational commitment and job satisfaction and lower levels of withdrawal behaviours such as turnover.

The adoption of participation practices implies that the organization values its employees' input and recognizes their contribution to achieving company goals. Specifically, decision-making participation provides employees with more opportunities to utilize their human capital, which signals that the organization values the creative input of its employees, which in turn is associated with positive evaluations of organizational support (Allen, 2003). When organizations offer employees opportunities to participate in decision-making or financial results, the employees might interpret these organizational actions as indicative of the company's commitment to them (Allen, 2003).

There is evidence to suggest that employee participation enhances the performance of firms (Khan, 2010; Qureshi, 2010; Rizov & Croucher, 2009). For example, Qureshi (2010), considers manufacturing excellence, competitiveness and a company's ability to continuous innovation to be dependent among others on the participation and involvement of employees at different levels. Further, cross-cultured organizations, for example, use a participative approach in decision making because doing so offers a number of benefits (Rizov & Croucher, 2009). At the same time, indirect means of participation, such as works teams, can have a useful role to play in the overall organization performance (Rees & Christine, 1998).

There is contradicting literature with regards to employee participation and organizational performance. Estrin (2011) found that the productivity of performance varied between industrial sectors. While they found that participation overall had a positive effect in service based multinational companies, the effect was not significant in product based multinational companies. Further, Defourney (2010) found that productivity from participation was higher in multinational companies that operated through fully owned subsidiaries rather than those operated through mergers and acquisitions. Furthermore, Jones' (2010) found that enforced employee participation had a negative effect on organization performance and therefore concluded that employee participation may not be effective.

The effect of employee participation on performance need not necessarily be positive, even if the practice was introduced in a coherent manner. For example, work teams, whether formal or non-formal, may also take a lot of time away from other activities. Furthermore, employee participation may also be ineffective or even counterproductive in settings where employees are given expectations about increased discretion, but the expectations are not fulfilled (Heller, 2015). Similarly measures designed to employee participation may be poorly implemented or may not succeed if the information on the nature and purpose of what is to be discussed is communicated poorly to affected employees.

## **2.4 Research Gap**

From the literature that was reviewed, there have been mixed findings on the impact of cross-cultural management practices on organizational performance. Scholars such as Opatha (2010); Ofori and Aryeetey (2011); Abdulkadir (2012) have found that cross-cultural management practices positively influence organization performance. Other studies by Kersley (2009); Kraiger, (2013) and Jones (2005) have found negative relationships.

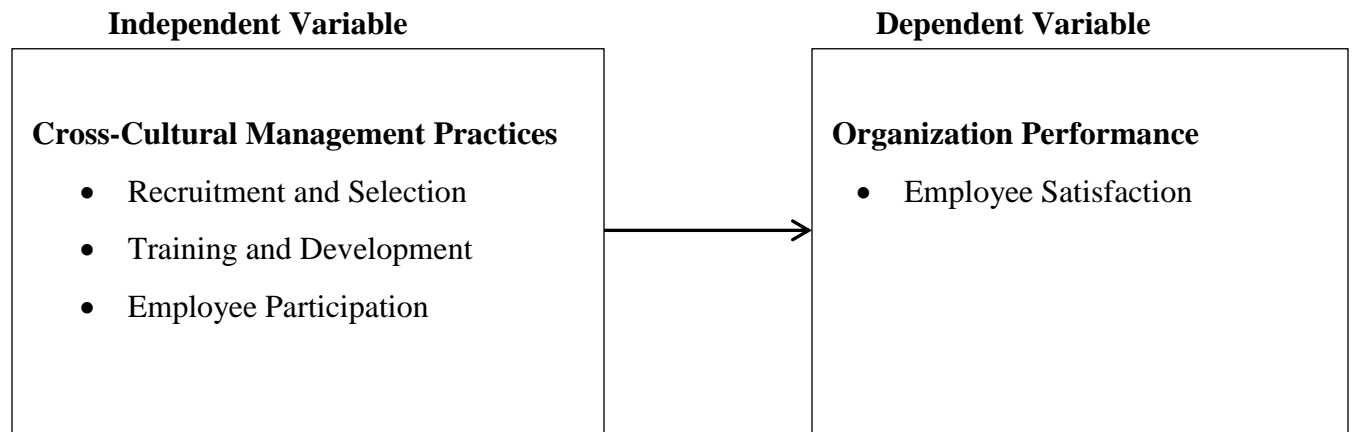
In addition, existing research has focused on cross-cultural management practices that have been done in the western context such countries in North America and Western Europe (Davila, 2009; Eccles 2011; Gaur, 2007). Childs (2010), argued that previous studies on the influence of cross-cultural management practices on organization performance have been done in developed countries where cultures are more homogenous. Therefore, multinational corporations will apply universal practices and theories in managing cross-culture across all markets they operate. There seems to be few studies that have focused on the influence of cross-cultural management practice on organizational performance in Nairobi, Kenya. Dimba (2007) noted that there was need to focus on the influence of cross-cultural management practices on multinational companies in Kenya.

## **2.5 Conceptual Framework**

Based on the literature reviewed, a conceptual framework was developed to provide a basis for the research design and data analysis. The diagram explains the independent variables, which are; recruitment and selection, training and development, and employee participation. These

variables were analysed in order to determine whether they influence organizational performance using employee satisfaction.

**Figure 2.1: Conceptual Framework**



**Source: Researcher (2017)**

## **2.6 Operationalization of Variables**

Operationalization facilitates the reduction of abstract notion of constructs into observable characteristics so that they can be measured using indicators. A rating scale ranging from 1=strongly disagree to 5=strongly agree was used to measure both the dependent and independent variables. The indicators that were used in the studies are summarized in the below table.



**Table 2.1: Operationalization of Variables**

<b>Variables</b>	<b>Constructs</b>	<b>Operation Definition</b>	<b>Rating Measures</b>	<b>Source(s)</b>
Independent variables: Cross-cultural management practices	Recruitment and selection	The ability of the organization to find the candidate that fits the job.	5- point Likert scale to be used with 1 being strongly disagreed and 5 strongly agreed	Opatha, 2010; Latham, 2007; Pilbeam, 2006
	Training and development	The degree to which employees can be able to acquire and apply new skills.		Laing, 2009; Thang, 2004
	Employee participation	Organizations ability to ensure that employees are able to make contributions that achieve organization objectives.		Rizov, 2009; Qureshi, 2010; Allen, 2003
Dependent variable: Organization performance	Employee satisfaction	The degree to which employees are happy and contented, and are fulfilling their objectives.	5- point Likert scale to be used with 1 being strongly disagreed and 5 strongly agreed	Nancy, 1997; Harter, 2002;

**Source: Researcher (2017)**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research methodology that was used to carry out the research. It details the research design, target population, sampling size and design, a description of data collection procedures, the validity and reliability of the data as well as a description of data analysis procedures.

#### **3.2 Research Design**

This study used a descriptive research design and correlational research so as to provide factors relevant to the study. Quantitative analytical techniques like spearman correlation and regression equations were used to draw inference from the data regarding existing relationships. Previous studies on cross-cultural management practices and organization performance that have used the same research design are (Mugeni, 2013; Gideon, 2013; Ndegwa, 2008; Woods, 2014).

#### **3.3 Population of the Study**

A population is the entire group a researcher is interested in to answer questions to a research study as well as to come up with conclusion concerning the same study (Biber, 2004). The target population of this study were the multinational corporations (MNCs) in Nairobi. This is because majority of MNCs in Kenya are located in Nairobi (UNDP, 2011). According to Kenya Bureau of Statistics Economic survey (2015), there were 213 multinationals corporations in Kenya and 43 of these firms had their Africa regional headquarters in Nairobi (see Appendix III). The unit of analysis were these firms with Africa regional headquarters in Nairobi. The target respondents were therefore the employees drawn from various departments of these firms. The choice of employees was informed by the fact that the independent variables were employee based.

#### **3.4 Sampling Design**

Cooper and Schindler (2003) define sampling as the selection of a few members from the population to participate in a study. The few members are selected to represent the whole population in the study as there are practical or technical limitations that would limit the

inclusion of the whole population. This study used stratified random sampling to get the desired sample. The respondents from the 43 MNCs that were selected were first divided into 3 key departments which are Accounting and Finance; Human Resource; and Sales and Marketing. These departments were selected because they are generic in multinational corporations and they were also easier to access. The researcher then randomly selected 2 employees from each department giving a total of 258 respondents from all the 43 firms.

### **3.5 Data Collection Method**

Primary data was collected through a semi-structured questionnaire. Primary data was used because it is authoritative and original. An introduction letter informing the respondents who the researcher is and the purpose of conducting the research was provided (see Appendix I & II). The questionnaire was self-administered and the researcher guided the respondents when filling the questionnaire through face to face interviews. The researcher had to first liaise with the human resource department in each organization in order to seek permission to collect data and to also identify the target respondents.

The questionnaire was divided in four sections where Section A collected company profile data; section B focused on the types of cross-cultural management practices used by multinational companies in Kenya; section C focused on the influence of the adoption of cross-cultural management practices on organization performance. Section D examined employee satisfaction. The questionnaire had both open and closed ended questions designed by the researcher. The researcher provided an opportunity to include a category ‘other’ to capture any other important dimension of the variables that the respondents suggested. The questionnaire also contained Likert scale type of questions in order to establish the relationships between the variables.

### **3.6 Data Analysis**

Data collected was initially edited to eliminate incompleteness, inaccuracies and inconsistencies in the entries. It was then coded and analysed using Statistical Program for Social Science (SPSS), which is the statistical program commonly used in research studies. Data analysis techniques that were used for quantitative data analysis included means, standard deviations, and

percentages. The study adopted a regression model so as to test the relationship between the dependent and independent variables.

### **3.6.1 Descriptive Statistics**

Descriptive statistics help to provide simple summaries about a population or sample (Cooper & Schindler, 2014). These include the use of measures such as the mean, mode, median, variance and standard deviation. These measures were used to analyse the objectives of the study. Demographic information relating to the firms was analysed by use of descriptive statistics.

### **3.6.2 Correlational Analysis**

Correlation analysis was conducted for objectives 2, 3 and 4. This was done to determine whether there was a causal relationship between the dependent and the independent variables and the strength of the relationship if present. The correlation coefficient value determines the measure of linear association between two variables where the coefficient is always between -1 and +1. A coefficient of -1 means that variables are perfectly related in a negative linear sense, 0 means that there is no relationship between the variables and +1 indicates that the variables are perfectly related in a positive linear sense.

### **3.6.3 Regression Analysis**

After conducting a correlation analysis on objectives 2, 3 and 4, the next step was to conduct a regression analysis in order to find a relationship between the independent and dependent variables. The relationship between cross-cultural management practices and organization performance was explained using the following regression model:

$$\text{Organization Performance: } Y = \alpha + \beta_1 RS + \beta_2 TD + \beta_3 EP + \varepsilon$$

**Where:**

**Y** - Dependent variable which is the measure of organization performance (employee satisfaction)

**$\alpha$**  - Constant

**$\beta_1, \beta_2, \beta_3$**  - Coefficient of independent variables for which we are trying to predict the value of Y

**RS, TD, EP** are initials for cross-cultural management practices (RS- recruitment and selection; TD- training and development; EP- employee participation)

$\epsilon$ = Error term

## Testing the Model

### Correlation Coefficient (R)

This was to help the researcher to determine the degree to which to variable movements are associated. Correlation coefficient is usually within range of values between -1 and 1 (Huber & Elvezio, 2009). A correlation of -1 indicates a perfect negative correlation while a correlation of 1 indicates a perfect positive correlation. One of 0 indicates no relationship. The closer the correlation coefficient is towards -1 or 1, the stronger the association between the variables.

### Coefficient of Determination ( $R^2$ )

This enabled the researcher explain how well the response variable variation is explained by the linear model. A model fits the data if the differences between the observed values and the model's predicted values are small and unbiased (Allen, 2004).  $R^2$  ranges from 0 to 1. The closer the  $R^2$  is to 1 the better the model fits the data.

### T-test

This enabled the researcher to test whether the dependent variables are individually influenced by the independent variable. T-values can be obtained from the regression output and interpreted such that if the values are less than 0.05, they are significant and should be included in the model, otherwise insignificant (Higgins, 2005).

**Table 3.1 Summary of Data Analysis Methods**

Item	Data Analysis
Company Profile	Descriptive statistics
Objective 1 To determine the types of cross-cultural management practices used by multinational	Descriptive statistics

corporations in Kenya.	
<b>Objective 2</b> To establish the extent to which recruitment and selection influences organization performance of multinational corporations in Nairobi.	Descriptive analysis, correlational analysis and regression analysis
<b>Objective 3</b> To determine the extent to which training and development influences organization performance of multinational corporations in Nairobi.	Descriptive analysis, correlational analysis and regression analysis
<b>Objective 4</b> To find out the extent to which employee participation influences organization performance of multinational corporations in Nairobi.	Descriptive analysis, correlational analysis and regression analysis

**Source: Researcher (2017)**

### 3.7 Research Quality

Research quality is measured using the validity and reliability. Validity refers to how accurately the data obtained captures what it is purported to measure. To ensure content validity, the collection instrument was subjected to a pilot test to check for any weaknesses in design and development of the questionnaire and then the final questionnaire was constructed (Page, 2007). A pilot study that involved 4 multinational corporations in Kenya was conducted. This represented 10% of the total population. Barringer and Meshoulam (2000) contend that a sample of 10% of the population is sufficient for use in a pilot study for social research. Random sampling was applied in selecting the four MNCs to participate in the pilot.

Reliability refers to the degree of consistency and stability in an instrument (Kumar, 2010). The data collected was subjected to Cronbach's alpha test so as to test the consistency of the questionnaire. The closer the Cronbach's alpha coefficient is to 1, the greater the internal

consistency of the items on the scale. Cronbach's alpha coefficient of 0.70 and above indicates sound and reliable measures (Anderson & Tatham, 1998). All the values in this study produced scales that had consistent results should the research be repeated. Recruitment and selection, training and development and employee participation had alpha values of 0.767, 0.640 and 0.783 respectively. The results are presented in Table 3.2 below.

**Table 3.2: Reliability Statistics**

<b>Cross-Cultural Management Practice</b>	<b>Cronbach's alpha</b>	<b>Items</b>
Recruitment and Selection	0.767	7
Training and Development	0.640	7
Employee Participation	0.783	7
<b>Scale Combination</b>	<b>0.730</b>	

**Source: Research Data (2017)**

### **3.8 Ethical Considerations**

According to Shamoo and Resnick (2003) it is important to adhere to ethical norms in research because this promotes the aims of research such as knowledge and truth. To this end, this research was conducted in an honest and objective manner. The data collected for this study was used for academic purpose only. One of the ethical considerations is that the participation of the respondents was voluntary and anonymous. The questionnaire was accompanied with an introductory letter from the researcher (see Appendix 1) and had an introduction stating the purpose of the study so as to get the consent of the participants. The researcher made it clear that the respondents' privacy was to be maintained. This way, information that was acquired can be relied on to be as clear as possible.

### **3.9 Chapter Summary**

This chapter focuses on explaining the research methodology adopted in carrying out the research. A descriptive research design was used. The target population was the 43 multinational corporations with Africa regional headquarters in Nairobi County. The respondents were employees of these organizations. Once data was collected, it was coded then entered into MS-Excel spreadsheet. Afterwards, the complete data was input into the SPSS software for

meaningful analysis where descriptive, regression analysis and correlation analysis were performed.



## CHAPTER FOUR

### DATA ANALYSIS, RESEARCH FINDINGS AND PRESENTATIONS

#### 4.1 Introduction

This study sought to determine the influence of cross-cultural management practices on organizational performance of multinational corporations in Nairobi. This chapter presents the data analysis, research findings and presentations.

#### 4.2 Response Rate

A total of 165 completed and useable questionnaires out of 258 were obtained from respondents for the study. This represented a 64% response rate and a non-response rate of 36%. According to Mugenda and Mugenda (2003) a sample of 70% and above is rated as excellent, 60% and above rated as good while 50% and above is considered sufficient for doing analysis. This study considered the response rate of 64% adequate for analysis. Table 4.1 below shows the response rate.

**Table 4.1: Response Rate**

<b>Efficacy Parameter</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Responded	165	64
Did Not Respond	93	36
<b>Total</b>	<b>258</b>	<b>100</b>

**Source: Research Data (2017)**

#### 4.3 Demographic Information

The study investigated the demographic profile of the multinational corporations with regards to the duration of operation in Kenya, size of the organizations and the ownership structure. The data collected is presented in the tables below.

#### 4.3.1 Duration of Operation in Kenya

The study sought to establish the number of years the multinational corporations have been in operation in Kenya. The results are shown in Table 4.2 below.

**Table 4.2: Duration of Operation in Kenya**

<b>Number of Years</b>	<b>Frequency</b>	<b>Percentage (%)</b>
1-5 years	40	24
5-10 years	43	26
10-15 years	35	21
15-20 years	27	16
More than 20 years	20	13
<b>Total</b>	<b>165</b>	<b>100</b>

**Source: Research Data (2017)**

The results in Table 4.2 above revealed that most of the MNCs had been operating in Kenya within the last 15 years. This could be attributed to the improvement in foreign investment policies in Kenya that has made the country an economic hub within the African region and this has led to an increase in the number of MNCs choosing to operate in Kenya. In addition, due to increased globalization, many multinational corporations were now increasing their operations worldwide more so in developing countries in order to tap into the potential markets.

#### 4.3.2 Size of the Organization

The study sought to establish the size of the organization in terms of the number of employees each organization had. The results are presented in Table 4.3.

**Table 4.3: Number of Employees**

<b>Number of Employees</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Less than 100 employees	12	7
100-200 employees	20	12
Over 200 employees	133	81
<b>Total</b>	<b>165</b>	<b>100</b>

**Source: Research Data (2017)**

The data revealed that majority of the MNCs at 81% had over 200 employees. This was followed by those within the bracket of 100-200 employees at 12% and lastly the less than 100 employees at 7%.

#### **4.3.3 Ownership Structure**

The respondents were asked about the ownership structure of their respective organizations. Table 4.4 below shows the response rate.

**Table 4.4: Ownership Structure**

<b>Ownership Structure</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Both foreign and local	75	45
Local	46	28
Foreign	44	27
<b>Total</b>	<b>165</b>	<b>100</b>

**Source: Research Data (2017)**

The respondents indicated that 27% of MNCs in Kenya are foreign owned; 28% are owned by locals and 45% of the MNCs are owned by both locals and foreigners. Mergers, acquisitions and partnerships between foreign owned organizations and local entities that had been witnessed in the country within the last 15 years could be the reason why there was a higher number of multinational corporations in Kenya co-owned by both local and foreign entities.

#### 4.4 Types of Cross-cultural Management Practices

The respondents were to indicate the types of cross-cultural management practices used by their organization. The findings are displayed in Table 4.5 below.

**Table 4.5: Types of Cross-cultural Management Practices**

<b>Types of Cross-cultural Management Practices</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Training and Development	75	45
Recruitment and Selection	64	39
Employee Participation	26	16
<b>Total</b>	<b>165</b>	<b>100</b>

**Source: Research Data (2017)**

From Table 4.5 above, majority of the respondents indicated that training and development (45%) was the most predominant type of cross-cultural management practice used followed by recruitment and selection (39%) while employee participation (16%) ranked least in terms of cross-cultural management practice adopted.

##### 4.4.1 Extent of Adoption of Cross-cultural Management Practices

The respondents were asked to indicate the extent to which they think MNCs in Kenya have adopted cross-cultural management practices. The results are shown in Table 4.6 below.

**Table 4.6: Extent of Adoption of Cross-cultural Management Practices**

<b>Extent of Adoption</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Moderate extent	111	67
Low extent	36	22
Great extent	18	11
<b>Total</b>	<b>165</b>	<b>100</b>

**Source: Research Data (2017)**

The results in Table 4.6 above showed that majority of MNCs had moderately adopted (67%) the cross-cultural management practices, followed by MNCS who had least adopted (22%) these practices and lastly 11% of MNCs which had the greatest levels of adoption. The explanation could be that due to the world becoming a global village, many multinational corporations were adopting cross-cultural management practices in order to create a harmonious working relationship between employees that could lead to improved organization performance.

#### 4.5 Cross-cultural Management Practices and Organization Performance

This study sought to determine the extent to which cross-cultural management practices influenced organization performance in multinational corporations in Nairobi. A set of questions comprising of these cross-cultural management practices were presented to the respondents where they were requested to express their degree of agreement or disagreement with each statement based on a five point Likert scale where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. The results are presented in the subsequent subsections.

##### 4.5.1 Recruitment and Selection and Organization Performance

Recruitment and selection is a process that provides an organization with a pool of potentially qualified job candidates from which thoughtful selection can be made to fill the vacancies. The respondents were requested to indicate their level of agreement or disagreement based on a 5-point Likert scale where 1 = strongly disagree; 2 = disagree; 3 = somewhat agree; 4 = agree; 5 = strongly agree. The results are presented in Table 4.7 below.

**Table 4.7: Recruitment and Selection and Organization Performance**

Recruitment and Selection and Organization Performance													
Frequency and Percentages													
Statements		1		2		3		4		5		Mean	SD
		F	%	F	%	F	%	F	%	F	%		
1	The recruitment and selection methods used in my organization are able to attract suitable and	4	2.4	12	7.3	32	19.4	81	49.1	36	21.8	3.806	0.943

	qualified candidates.												
2	The job description and organization objectives are clearly defined during the recruitment and selection process.	4	<b>2.4</b>	16	<b>9.7</b>	33	<b>20.0</b>	72	<b>43.6</b>	40	<b>24.2</b>	<b>3.776</b>	<b>1.002</b>
3	The recruitment and selection process in my organization is fair and accommodative to diverse cultures among employees	8	<b>4.8</b>	12	<b>7.3</b>	28	<b>17.0</b>	97	<b>58.8</b>	20	<b>12.1</b>	<b>3.66</b>	<b>0.953</b>
4	I feel that the recruitment and selection policy in my organization is adequate.	4	<b>2.5</b>	12	<b>7.6</b>	45	<b>28.7</b>	72	<b>45.9</b>	24	<b>15.3</b>	<b>3.637</b>	<b>0.921</b>
5	The organization objectives outlined during recruitment and selection process align with my career goals.	0	<b>0</b>	20	<b>12.1</b>	46	<b>27.9</b>	87	<b>52.7</b>	12	<b>7.3</b>	<b>3.551</b>	<b>0.799</b>
6	Recruitment and selection assists in developing appropriate personnel strategy that supports overall organization strategy.	0	<b>0</b>	24	<b>14.5</b>	49	<b>29.7</b>	72	<b>43.6</b>	20	<b>12.1</b>	<b>3.533</b>	<b>0.887</b>
7	My organization develops and maintains workforce planning to support current and future job requirements.	4	<b>2.4</b>	28	<b>17.0</b>	33	<b>20.0</b>	84	<b>50.9</b>	16	<b>9.7</b>	<b>3.485</b>	<b>0.967</b>
	<b>Overall Mean Score</b>											<b>3.635</b>	<b>0.924</b>

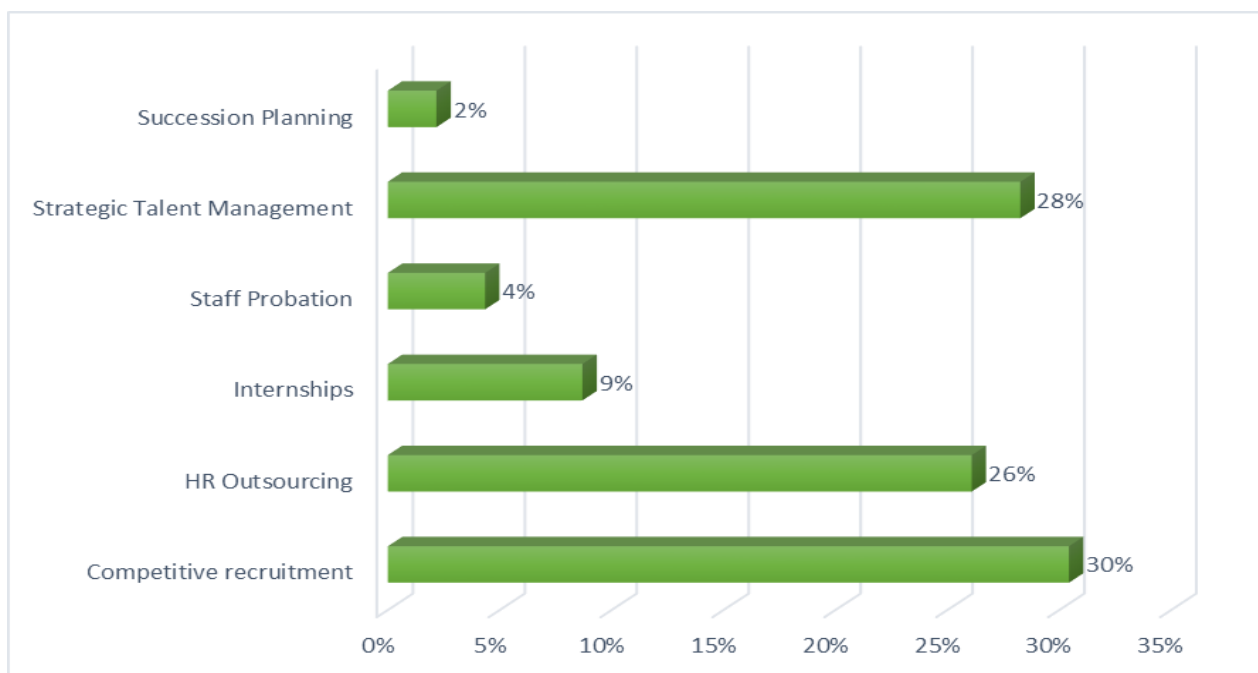
**Source: Research Data (2017)**

The results in Table 4.7 above show that the overall mean score was 3.635 with a standard deviation of 0.924. The statement that had the highest mean of 3.806 was where the recruitment and selection processes were able to attract suitable and qualified candidates. The interpretation could be that organization performance was influenced when organizations were able to attract suitable and qualified employees during recruitment and selection. Workforce planning to support current and future job requirements ranked the least with a mean score of 3.485. This is could be because organizations preferred engaging in the long-term services of the qualified employees they recruited.

#### 4.5.1.1 Methods and Strategies to Improve Recruitment and Selection

The respondents were also asked to briefly explain what other methods and strategies their organization could put in place to improve the recruitment and selection exercise. The results are showed in Figure 4.1 below.

**Figure 4.1: Methods and Strategies to Improve Recruitment and Selection**



**Source: Research Data (2017)**

The results in Figure 4.1 above showed that competitive recruitment ranked the highest (30%), followed by strategic talent management (28%). The least ranking method and strategy was succession planning (2%). This could be because employees felt that it would be best practice if the organizations hired right the first time. In addition, the respondents also thought that the success of an organization will be improved if the organization recruits the best qualified employees, nurture them and engage them through organization and individual goal alignment. The more employees are committed to their work, the more they achieve higher levels of job performance.

#### 4.5.2 Training and Development and Organization Performance

Training and development is the process of improving the existing skills, knowledge, exposure and abilities in an individual. The respondents were requested to indicate their level of agreement or disagreement based on a 5-point Likert scale where 1 = strongly disagree; 2 = disagree; 3 = somewhat agree; 4 = agree; 5 = strongly agree. The results are presented in Table 4.8.

**Table 4.8: Training and Development and Organization Performance**

Training and Development and Organization Performance													
Frequency and Percentages													
Statements		1		2		3		4		5		Mean	SD
		F	%	F	%	F	%	F	%	F	%		
1	I feel that the skills gained through training and development programs are relevant to my job.	4	2.4	0	0	28	17.0	85	51.5	48	29.1	4.049	0.825
2	In my organization, training and development is seen as a key to success rather than a cost to the company.	4	2.4	9	5.5	36	21.8	80	48.5	36	21.8	3.818	0.919
3	Cross-cultural training enhances employee inter-relationships and reduces	0	0	4	2.4	44	26.7	97	58.8	20	12.1	3.806	0.671



	conflict.												
4	My organization conducts extensive training and development programs for employees.	0	<b>0</b>	24	<b>14.5</b>	20	<b>12.1</b>	88	<b>53.3</b>	33	<b>20.0</b>	<b>3.788</b>	<b>0.929</b>
5	Training content is based on organization's needs that are aligned with organization performance.	4	<b>2.4</b>	4	<b>2.4</b>	45	<b>27.3</b>	88	<b>53.3</b>	24	<b>14.5</b>	<b>3.75</b>	<b>0.822</b>
6	Training needs are identified through a formal performance appraisal mechanism.	4	<b>2.4</b>	24	<b>14.5</b>	56	<b>33.9</b>	53	<b>32.1</b>	28	<b>17.0</b>	<b>3.467</b>	<b>1.015</b>
7	There are formal training and development evaluation methods to assess the effectiveness of training.	16	<b>9.7</b>	21	<b>12.7</b>	36	<b>21.8</b>	56	<b>33.9</b>	36	<b>21.8</b>	<b>3.455</b>	<b>1.237</b>
	<b>Overall Mean Score</b>											<b>3.733</b>	<b>0.917</b>

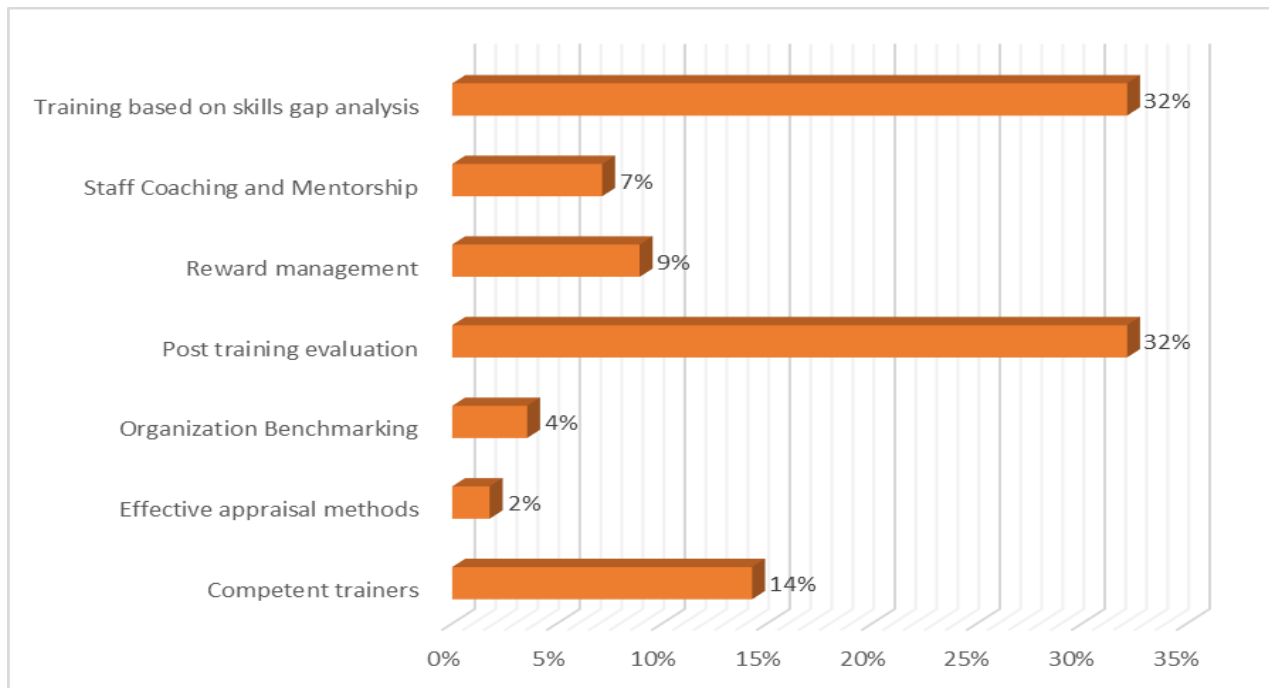
**Source: Research Data (2017)**

The results in Table 4.8 above show that the overall mean is 3.733 with a standard deviation of 0.917. The statement with the highest mean of 4.049 was where the employees felt that the skills gained through training and development was relevant to their jobs. Training and development evaluation methods used to identify the effectiveness of training ranked the least with a mean score of 3.455. The deduction could be that trained employees are able to effectively apply the skills and knowledge they have acquired through training and development. Further, the results could also mean that the organizations viewed the training and development process as successful based on the employees performance and therefore they did not need to carryout post training evaluations.

#### 4.5.2.1 Methods and Strategies to Improve Training and Development

The respondents were also asked to briefly explain what other methods and strategies their organization can put in place to improve training and development. The results are showed in Figure 4.2 below.

**Figure 4.2: Methods and Strategies to Improve Training and Development**



**Source: Research Data (2017)**

Figure 4.2 above indicates that most respondents thought that post training and development evaluation (32%) and training done to bridge the skills gap (32%) were important in improving the success of the organization. Appraisal methods ranked the least at 2%. This could be because employees felt that the performance appraisal system may be subject to intentional or unintentional biasness based on non-performance factors such as race, gender or cultural background.

#### 4.5.3 Employee Participation and Organization Performance

Employee participation is an arrangement that ensures that employees are given the opportunity to influence management decisions and to contribute to the improvement of organization

performance. The respondents were requested to indicate their level of agreement or disagreement based on a 5-point Likert scale where 1 = strongly disagree; 2 = disagree; 3 = somewhat agree; 4 = agree; 5 = strongly agree. The results are presented in Table 4.9 below.

**Table 4.9: Employee Participation and Organization Performance**

<b>Employee Participation and Organization Performance</b>													
<b>Frequency and Percentages</b>													
<b>Statements</b>		<b>1</b>		<b>2</b>		<b>3</b>		<b>4</b>		<b>5</b>		<b>Mean</b>	<b>SD</b>
		<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>		
1	Employees in my organization understand their job roles and functions and how they contribute to the success of the organization.	0	<b>0</b>	12	<b>7.5</b>	29	<b>18.0</b>	92	<b>57.1</b>	28	<b>17.4</b>	<b>3.845</b>	<b>0.795</b>
2	The organization culture in my company enhances teamwork and learning amongst employees.	4	<b>2.5</b>	20	<b>12.4</b>	25	<b>15.5</b>	76	<b>47.2</b>	36	<b>22.4</b>	<b>3.745</b>	<b>1.020</b>
3	I feel that my organization does well in communicating changes or decisions that affect employees.	0	<b>0</b>	14	<b>8.7</b>	44	<b>27.3</b>	79	<b>49.1</b>	24	<b>14.9</b>	<b>3.70</b>	<b>0.828</b>
4	I have the support of my co-workers that enables me do my job well.	0	<b>0</b>	24	<b>15.3</b>	36	<b>22.9</b>	65	<b>41.4</b>	32	<b>20.4</b>	<b>3.667</b>	<b>0.970</b>
5	I feel that my contribution is recognized and taken into consideration in my organization.	0	<b>0</b>	25	<b>15.5</b>	49	<b>30.4</b>	71	<b>44.1</b>	16	<b>9.9</b>	<b>3.485</b>	<b>0.874</b>
6	The management of my	8	<b>5.0</b>	38	<b>23.6</b>	44	<b>27.3</b>	63	<b>39.1</b>	8	<b>5.0</b>	<b>3.155</b>	<b>1.003</b>

	organization frequently communicate with employees during key decision making												
7	My organization measures success of culture change initiatives through the employee opinion survey.	24	<b>14.9</b>	29	<b>18.0</b>	57	<b>35.4</b>	39	<b>24.2</b>	12	<b>7.5</b>	<b>2.913</b>	<b>1.148</b>
	<b>Overall Mean Score</b>											<b>3.501</b>	<b>0.948</b>

**Source: Research Data (2017)**

The results in Table 4.9 above show that the overall mean is 3.501 with a standard deviation of 0.948. The statement with the highest mean of 3.845 was where the employees understood the job roles and functions and how they contribute to the success of the organization. The statement that ranked the least mean score of 2.913 was where employees from different cultural backgrounds opined that their opinions were not being taken into consideration. The deduction from these results could be that most employees felt that they understood their job roles and this enhanced teamwork and learning amongst the employees leading to improved performance. In addition, the results could also mean that MNCs did not take into consideration the diverse cultural background of different employees when making decisions that affect both individual and organization performance.

#### **4.6 Summary of Cross-cultural Management Practices**

This study sought to determine the influence of the cross-cultural management practices on organization performance of multinational corporations in Nairobi. Based on the response provided, a summary of mean scores is presented in Table 4.10.

**Table 4.10: Summary of Mean Scores**

	<b>Cross-cultural Management Practices</b>	<b>Overall Mean Score</b>	<b>SD</b>
<b>1</b>	Training and Development	<b>3.733</b>	<b>0.917</b>
<b>2</b>	Recruitment and Selection	<b>3.635</b>	<b>0.924</b>
<b>3</b>	Employee Participation	<b>3.501</b>	<b>0.948</b>

**Source: Research Data (2017)**

From Table 4.10 above, training and development had the highest mean score of 3.733, followed by recruitment and selection with a mean score of 3.635 and lastly by employee participation with a mean score of 3.501. This showed that majority of the multinational corporations' surveyed preferred training and development as a cross-cultural management practice, followed by recruitment and selection and lastly employee participation.

#### **4.7 Organization Performance**

This study sought to determine the extent to which cross-cultural management practices influenced organization performance in multinational corporations in relation to employee satisfaction. A set of questions comprising of employee satisfaction were presented to the respondents where they were requested to express their degree of agreement or disagreement with each statement based on a five point Likert scale where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. The results are presented in Table 4.11 below.

**Table 4.11: Employee Satisfaction**

<b>Employee Satisfaction</b>													
<b>Frequency and Percentages</b>													
<b>Statements</b>		<b>1</b>		<b>2</b>		<b>3</b>		<b>4</b>		<b>5</b>		<b>Mean</b>	<b>SD</b>
		<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>	<b>F</b>	<b>%</b>		
<b>1</b>	There is good and supportive relationship with co-workers and supervisors	4	<b>2.4</b>	28	<b>17.0</b>	49	<b>29.7</b>	60	<b>36.4</b>	24	<b>14.5</b>	<b>3.436</b>	<b>1.014</b>

2	My work gives me a feeling of personal accomplishment	8	<b>5.0</b>	24	<b>14.9</b>	54	<b>33.5</b>	44	<b>27.3</b>	31	<b>19.3</b>	<b>3.41</b>	<b>1.109</b>
3	I have required the tools and resources to do my job well	4	<b>2.4</b>	44	<b>26.7</b>	32	<b>19.4</b>	74	<b>44.8</b>	11	<b>6.7</b>	<b>3.267</b>	<b>1.007</b>
4	I receive feedback and recognition from the management for my efforts.	12	<b>7.3</b>	20	<b>12.1</b>	57	<b>34.5</b>	68	<b>41.2</b>	8	<b>4.8</b>	<b>3.24</b>	<b>0.982</b>
5	My job makes good use of my skills and abilities	12	<b>7.3</b>	36	<b>21.8</b>	44	<b>26.7</b>	48	<b>29.1</b>	25	<b>15.2</b>	<b>3.23</b>	<b>1.167</b>
6	My current duties and work assignments are in line with my career goals	8	<b>4.8</b>	28	<b>17.0</b>	65	<b>39.4</b>	59	<b>35.8</b>	5	<b>3.0</b>	<b>3.15</b>	<b>0.908</b>
7	I consistently meet my target quotas and goals	12	<b>7.3</b>	28	<b>17.0</b>	52	<b>31.5</b>	72	<b>43.6</b>	1	<b>0.6</b>	<b>3.13</b>	<b>0.953</b>
8	Overall, I am satisfied with my job	28	<b>17.0</b>	24	<b>14.5</b>	41	<b>24.8</b>	48	<b>29.1</b>	24	<b>14.5</b>	<b>3.10</b>	<b>1.303</b>
9	I feel encouraged to come up with new and better ways of doing things	24	<b>14.5</b>	20	<b>12.1</b>	68	<b>41.2</b>	32	<b>19.4</b>	21	<b>12.7</b>	<b>3.04</b>	<b>1.189</b>
10	I feel that my personal values fit with those of the organization	12	<b>7.3</b>	32	<b>19.4</b>	70	<b>42.4</b>	47	<b>28.5</b>	4	<b>2.4</b>	<b>2.99</b>	<b>0.934</b>
	<b>Overall Mean Score</b>											<b>3.199</b>	<b>1.057</b>

**Source: Research Data (2017)**

The results in Table 4.11 above show that the overall mean is 3.199 with a standard deviation of 1.057. The statement with the highest mean of 3.436 was where employees felt that there was a

good and supportive relationship with co-workers and supervisors. From these results, it can be concluded that most MNCs valued professional working relationships between employees and supervisors and which led to employees feeling more accomplished in their work.

## **4.8 Inferential Statistics**

This section displays inferential statistics used in the study to make comparisons, examine relationships and explore the research questions of the study. The software that was used for quantitative data analysis was SPSS.

### **4.8.1 Correlation Analysis**

The distribution of the correlation variables was tested with the range between -1 to +1. -1 indicates perfect negative correlation while +1 indicates a perfect positive correlation. On the other hand, 0 is an indication of no correlation at all. The correlation matrix is used to determine the extent to which changes in the value of one attribute is associated with changes in another attribute. The correlation analysis is displayed in Table 4.12.

**Table 4.12: Correlation Table**

<b>Spearman's rho Correlations</b>					
		Organization performance	Recruitment and Selection	Training and Development	Employee Participation
Organizational performance	Correlation Coefficient	1.000	.564**	.584**	.399*
	Sig. (2-tailed)	.	.001	.001	.026
	N	165	165	165	165
Recruitment and Selection	Correlation Coefficient	.564**	1.000	.399*	.351
	Sig. (2-tailed)	.001	.	.026	.053
	N	165	165	165	165
Training and Development	Correlation Coefficient	.584**	.399*	1.000	.536**
	Sig. (2-tailed)	.001	.026	.	.002
	N	165	165	165	165
Employee Participation	Correlation Coefficient	.399*	.351	.536**	1.000
	Sig. (2-tailed)	.026	.053	.002	.
	N	165	165	165	165
** Correlation is significant at the 0.01 level (2-tailed)					
* Correlation is significant at the 0.05 level (2-tailed)					

**Source: Research Data (2017)**

As per the correlation matrix Table 4.12 above, recruitment and selection, training and development and employee participation associated positively with organization performance (dependent variable) at varying degrees. Organization performance and recruitment and selection had a positive correlation coefficient value of 0.564 at 0.01 level of significance with a p-value of 0.01. Organization performance and training and development had a positive correlation coefficient of 0.584 at 0.01 level of significance with a p-value of 0.01. Lastly, organization performance and employee participation had a positive correlation coefficient value of 0.399 at 0.05 level of significance with a p-value of 0.026. Of the three independent variables, albeit to a moderate extent, training and development correlated strongest with organization performance



while employee participation correlated weakest with organization performance, based on 165 complete observations.

#### 4.8.2 Regression Analysis

The regression analysis showed the relationship between the dependent and independent variables of the study and determined the influence of recruitment and selection; training and development; and employee participation on employee satisfaction. The regression analysis was done using SPSS and the results were as follows:

$$Y = 3.042 + 0.007RS + 0.556TD + 0.088EP$$

**Where:**

**3.042** = constant value of employee satisfaction when all cross-cultural management practices values are equal to zero

**0.007** = Coefficient of recruitment and selection. For every unit increase in recruitment and selection, we expect appropriately 0.7% increase in employee satisfaction, holding other variables constant.

**0.556** = Coefficient of training and development. For every unit increase in training and development, we expect appropriately, 55.6% increase in employee satisfaction, holding other variables constant.

**0.088** = Coefficient of employee participation. For every unit increase in employee participation, we expect appropriately, 8.8% increase in employee satisfaction, holding other variables constant.

**Table 4.13: Model Summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739 <sup>a</sup>	.546	.508	3.98493
a. Predictors: (Constant), Training and Development, Recruitment and selection, Employee participation				

**Source: Research Data (2017)**

In Table 4.13 above which is the model summary, it provides the R values which explain how well the whole model describes the data. In this case the model explained 73.9% of the data.  $R^2$  explains the extent to which the variability of the dependent variable is explained by the independent variable. In this case 54.6% of the variability of employee satisfaction was explained by the independent variables of recruitment and selection, training and development and employee participation. The R squared was adjusted accurately to 50.8%. This means that accurately, 50.8% of the total variability of the dependent variable was explained by the independent variables.

**Table 4.14: ANOVA Table**

ANOVA <sup>b</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	322.702	1	80.675	5.080	0.002 <sup>a</sup>
Residual	444.632	163	15.880		
Total	767.334	164			
a. Predictors: (Constant), Training and Development, Recruitment and selection, Employee participation					
b. Dependent Variable: Employee satisfaction					

**Source: Research Data (2017)**

In the ANOVA Table 4.14 above, it explains the significant p-value. P-values tell us if the model should be accepted or rejected. In this case, the p-value is 0.002 which less than 0.05. This means that there are independent variables which explain changes in the dependent variable and therefore the model is statistically significant.

**Table 4.15: Coefficients<sup>a</sup> Table**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.042	3.969		1.026	<b>.015</b>
Recruitment and selection	.007	.118	.092	2.463	<b>.011</b>
Training and development	.556	.170	.405	2.752	<b>.025</b>
Employee Participation	.088	.098	.213	1.295	<b>.969</b>

a. Dependent Variable: Employee satisfaction

**Source: Research Data (2017)**

In the coefficients Table 4.15 above, it explains which specific independent variables were significant in explaining employee satisfaction. For a variable to be significant, its p-value should be less than 0.05. In this study, recruitment and selection ( $p=0.011$ ) and training and development ( $p= 0.025$ ) were positively significant in explaining employee satisfaction. Employee participation ( $p=0.969$ ) was not significant.

After rejecting the insignificant variable, the final regression model with regards to employee satisfaction is as follows:

$$Y = 3.042 + 0.007RS + 0.556TD$$

**Table 4.16: Summary of Results**

Cross-cultural Management Practice			
Model	Recruitment and selection	Training and development	Employee participation
Organization Performance	Significant	Significant	Not significant

**Source: Research Data (2017)**

From Table 4.16 above, it shows that both recruitment and selection, and training and development were the cross-cultural management practices that were significant in influencing organization performance in multinational corporations. Employee participation did not influence organization performance.

#### **4.9 Chapter Summary**

This chapter explained how data was analysed in order to meet the research objectives. The first objective was to identify the types of cross-cultural management practices used by multinational corporations. The overall percentages of the three variables were calculated and the results showed that training and development was the most common used followed by recruitment and selection and lastly employee participation.

The second objective was to determine how the three cross-cultural management practices explained organization performance. By using descriptive analysis, training and development had the highest mean score, followed by recruitment and selection. To analyse the influence of cross-cultural management practices on organization performance, correlation analysis and multiple regression analysis were done. The results showed that both recruitment and selection and training and development were significant in explaining employee satisfaction. However, employee participation was insignificant in influencing employee satisfaction.

## **CHAPTER FIVE**

### **DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The purpose of this study was to determine the influence of cross-cultural management practices on organization performance of multinational corporations in Nairobi. This chapter presents a discussion of the major findings of the study, the conclusion and recommendations.

#### **5.2 Discussions of the Findings**

This section discusses the major findings of the study in line with the research objectives.

##### **5.2.1 Types of Cross-cultural Management Practices used by Multinational Corporations**

This research established that out of the three cross-cultural management practices used by multinational corporations, training and development was the most predominantly used by MNCs in Nairobi. This was followed by recruitment and selection while employee participation ranked least. The study also revealed that a majority of MNCs had adopted the cross-cultural management practices moderately. This means that as the world is becoming more globalized, many multinational corporations will increase their operations in different parts of the world more so in developing markets in order to take advantage of the untapped potential. As a result, these MNC will need to adopt cross-cultural management practices that will harmonize home country culture and host country culture in order to improve organization performance. According to the study, the key cross-cultural management practice that seeks to create this harmonious relationship is training and developing employees. This was followed by recruitment and selection. The explanation could be that MNCs place a great emphasis in improving the skills of their employees once they are hired in order to have culturally fit employees.

Some researchers' findings were in line with this study in that while commerce, technology and trade practice barriers were being overcome, cultural issues are emerging as the new challenges for businesses in Kenya (Smith, 2010; Dimba, 2013). According to Chelimo (2013), MNCs that are entering into the Kenyan market will need to adopt and develop cross-cultural management

practices that seek to address these diverse cultural challenges so as to improve their organization performance.

Further, some researchers have also argued for the need for MNCs to tailor their cross-cultural management practices to suit the host country nation. Nyambegera (2001) established that cross-cultural management practices have an influence on organization performance and it will therefore be significant for MNC in Kenya to adopt the cross-cultural management practices that suit the Kenyan market. This study therefore showed that a considerable amount of MNCs that adopted cross-cultural management practices preferred training and development.

### **5.2.2 Recruitment and Selection and Organization Performance of Multinational Corporations in Kenya**

The study revealed that recruitment and selection influences organizational performance and showed a significant positive relationship between the two variables. This result supports previous literature that asserted that recruitment and selection influences organization performance. Rauf (2007), explained that sophisticated recruitment and selection procedures are positively related to organization performance. Similarly, Sakar and Kumar (2007) stated that the organization performance is dependent on the recruitment and selection procedures used.

The study also found that organizations recruited and selected candidates whose objectives and goals aligned with those of the organization. This is supported by Gamage (2014) who opined the objective of recruitment and selection is to get the right person to the right job. There were also mixed findings in that, recruitment and selection did not entirely reduce staff turnover as argued by Pilbeam and Corbridge (2006). This is a critical result as it will challenge MNCs to find out what other ways recruitment and selection can be explored to reduce staff turnover after employment.

### **5.2.3 Training and Development and Organization Performance of Multinational Corporations in Kenya**

This study revealed that training and development was the cross-cultural management practice that influenced organization performance the most. This is in agreement with other researchers

who argued that training and development improves organizational performance in multinational corporations (Khan, 2010; Pfeffer, 1994). This could be because MNCs tend to value the management human resource due to the fact that they operate in multicultural environments. This is supported by literature done by other researchers (Bowra, 2011; Celia, 2007; Choi, 2013) who showed that most employees felt that the skills and knowledge gained through training and development were relevant to their jobs and this in turn influenced organization performance.

Moreover, the study revealed that most MNCs valued training and development and this practice was frequently used by organizations that wanted to improve their performance level. The results are in line with those of Muzffer, (2012) which showed that training done to employees helps meets the need of both the organization and the employee in order to build and retain a skilled work force of efficient employees who will improve organization performance.

#### **5.2.4 Employee Participation and Organization Performance of Multinational Corporations in Kenya**

In this study, employee participation did not influence organization performance. This was in contradiction of other studies (Lombardo, 2011; Farnell, 2002) considering that proponents of Adaptation Theory argue that is important for foreign multinational corporations to actively participate in social communication processes with the host country so as to become knowledgeable in local practices and that indirectly leads to improved organization performance (Pandey, 2012). This could be because, many MNCs thought that their home country culture was more effective in dealing with diverse cultural challenges and therefore there was no need for them to engage host country culture (Defourney, 2010).

The study also found that most employees understood their job roles and that their organization encouraged teamwork however these factors did not affect their job satisfaction. This is in contradiction of other researchers (Allen, 2003; Rees & Christine, 1998) who had posited that organization performance will improve when employees feel valued through collective decision making.

### **5.3 Conclusions**

This study presented a review of the literature of cross-cultural management and organization performance. Cross-cultural management practice is a complex and multi-leveled concept that requires various types of indicators. For this study, the cross-cultural management practices that were used were recruitment and selection, training and development and employee participation. From the data that was presented many multinational corporations are now increasing their operations in developing countries such Kenya. This is evident by the fact that many of them owned by both locals and foreigners and that these organizations have a high number of employees. In addition, the study revealed that multinational corporations in Nairobi have to some extent adopted these cross-cultural management practices in order to influence performance. However, very few MNCs have adopted these practices to a great extent which would enable them reduce the conflict of cultural diversity and hence improve their performance.

The relationship between cross-cultural management practices and organization performance was analyzed using spearman's correlation and multiple regression analysis. The results showed that training and development as well as recruitment and selection were significant in explaining employee satisfaction. Employee participation was insignificant. This could be because most MNCs perceived that their home country cultural practices supersedes the host country practices when it comes to mitigating cross-cultural challenges. Therefore, managers of MNCs that have a diverse culture workforce should recruit and select the best qualified candidates and later develop these employees through training in order to have culturally fit workforce. Employees who fit well with their organizations and external environment have a greater job satisfaction and are more likely to improve organization performance.

### **5.4 Recommendations**

The findings of this study show that cross-cultural management practice influences organization performance. This provides a strong indication that MNCs that adopt cross-cultural management practices within their operations have a high chance of ensuring organization performance. The most common cross-cultural management practice was training and development followed by recruitment and selection. In this regard, it is recommended that multinational corporations need



to ensure that once they have recruited the most suitable employees, they need to develop their skills by training and developing them.

In an era of increased globalization, MNCs that explore different markets need to adopt cross-cultural management practices in order to reduce conflict arising from different cultures. The findings of the current study provide important pointers and recommends to managers of MNCs the need to ensure that they adopt cross-cultural management practices specifically training and development, and recruitment and selection which will improve the overall organization performance.

### **5.5 Limitations of the Study**

This study looked at MNCs operating across all economic sectors. Multinational corporations operating in different types of sectors have varying levels of organization performance with some performing better than others. In addition, the study only focussed on MNCs in Nairobi County.

Secondly, due to limited time and budget, the researcher was not able to seek responses from all employees of the multinational corporations. In addition, there was some unwillingness in responding to the questionnaires from some of the multinational corporations. Most of the multinational corporations that resisted feared that their staff might expose their firms' shortcomings.

Third, performance is a multidimensional construct and can be measured in different ways. This study adopted a subjective measure of performance which was employee satisfaction. A majority of multinational corporations in Kenya are subsidiaries which privately held and consolidate their financial results with the parent company. As a result, it is difficult to provide objective measures such as financial indicators as they are not required by law to publish their financial results.

## **5.6 Suggestions for Future Research**

The study used a cross-sectional research design where the respondents were assessed once on their perspectives of the variables under study. Although cross-sectional data enabled generalizations of the findings, it prevented close investigation of several aspects of the relationships in the study. The development of a time-series database and testing in a longitudinal framework should provide more insight into the relationship among variables. Future research should therefore explore a longitudinal research design to provide an assessment of the influence of training and development as well as recruitment and selection on organization performance over a period of time.

Secondly, further studies can use an improved model where the influence of employee participation may be measured against other organization performance indicators. As such, this may improve the accuracy of the model and therefore lead to better and robust results.

Thirdly, data for this study was collected using a key-informant approach which limited the ability to access information. The responses were based on self-reported data comprising of the perceptions of the respondent. The findings of a survey based on other diverse sources of information would provide additional findings.

Fourthly, the strength of cross-cultural management practice and organization performance relationship depends on how performance is measured. It would be informative to see how the variables under study relate when other measures of performance, both objective and subjective, are assessed.

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## **APPENDICES**

### **APPENDIX I: INTRODUCTORY LETTER**

Brian Mawira Miriti,  
Strathmore University,  
School of Management and Commerce,  
P.O. Box 59857 – 00200,  
Nairobi

To whom it may concern,

#### **RE: QUESTIONNAIRE FOR MANAGEMENT RESEARCH PROJECT**

I am a masters' student at Strathmore University currently pursuing a Master of Commerce Degree in the School of Management and Commerce. I am undertaking a management research project on the cross-cultural management practices used by multinational organizations in developing economies a case of Nairobi, Kenya.

Attached is a questionnaire I would like you to fill. All information shall be treated in confidentiality and will be used for purposes of this research study only. Your participation and assistance will be highly appreciated.

Yours faithfully,  
Miriti Brian Mawira

## **APPENDIX II: QUESTIONNAIRE**

### **Introduction**

This questionnaire seeks information on the influence of cross-cultural management practices on organization performance. Your organization was purposively selected because it will provide significant information to this academic study in answering its research questions. You are requested to kindly answer as directed by the questions. Re-assurance as aforementioned in the introductory letter is again given that this information will be treated with the utmost confidentiality and used for academic purposes only.

### **SECTION A: COMPANY PROFILE**

1. How long has the firm been in operation in Kenya?

- |                    |     |
|--------------------|-----|
| Less than a year   | [ ] |
| 1-5 years          | [ ] |
| 5-10 years         | [ ] |
| 10-15 years        | [ ] |
| 15-20 years        | [ ] |
| More than 20 years | [ ] |

2. What is the size of your organization in terms of employees?

- |                         |     |
|-------------------------|-----|
| Less than 100 employees | [ ] |
| 100-200 employees       | [ ] |
| Over 200 employees      | [ ] |

3. What is the ownership structure of your organization?

- |         |     |       |     |                        |     |
|---------|-----|-------|-----|------------------------|-----|
| Foreign | [ ] | Local | [ ] | Both foreign and local | [ ] |
|---------|-----|-------|-----|------------------------|-----|

## SECTION B: CROSS-CULTURAL MANAGEMENT PRACTICES USED BY MNCS

4. Please select the cross-cultural management practice used by your organization (multiple choices are allowed)

Recruitment and Selection    ☐    ]  
Training and development    ☐    ]  
Employee Participation    ☐    ]  
Other (Please specify)    .....

5. In your opinion, to what extent have multinational corporations in Kenya adopted recruitment and selection, training and development, and employee participation?

Great Extent    ☐         Moderate Extent    ☐         Low Extent    ☐    ]

## SECTION C: CROSS-CULTURAL MANAGEMENT PRACTICES AND ORGANIZATIONAL PERFORMANCE

### Recruitment and Selection and Organization Performance

6. State the extent to which you agree with the following statements with regards to recruitment and selection in your organization (**where 1-strongly disagree, 2-diasagree, 3-neutral, 4-agree, and 5-strongly agree**).

	STATEMENT	1	2	3	4	5
i	Recruitment and selection process in my organization is fair and accommodative to diverse cultures among employees					
ii	The recruitment and selection methods used in my organization are able to attract suitable and qualified candidates.					
iii	The job description and organization objectives are clearly defined during the recruitment and selection process.					
iv	The organization objectives outlined during recruitment and					

	selection process align with my career goals					
v	My organization develops and maintains workforce planning to support current and future job requirements.					
vi	Recruitment and selection assists in developing appropriate personnel strategy that supports overall organization strategy.					
vii	I feel that the recruitment and selection policy in my organization is adequate.					

7. Briefly explain other methods and strategies your organization can put in place to improve recruitment and selection

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.....

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.....

### **Training and Development and Organization Performance**

8. State the extent to which you agree with the following statements with regards to training and development in your organization (**where 1-strongly disagree, 2-diasagree, 3-neutral, 4-agree, and 5-strongly agree**).

	STATEMENT	1	2	3	4	5
i	My organization conducts extensive training and development programs for employees.					
ii	Training content is based on organization's needs that are aligned with organizational performance.					
iii	Training needs are identified through a formal performance appraisal mechanism.					
iv	There are formal training and development evaluation methods to assess the effectiveness of training.					
v.	In my organization, training and development is seen as a key to success rather than a cost to the company.					

vi	Cross-cultural training enhances employee inter-relationships and reduces conflict.					
vii	I feel that the skills gained through training and development programmes are relevant to my job.					

9. Please specify the ways in which training and development in your organization can be improved.

.....

.....

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.....

### Employee Participation and Organization Performance

10. State the extent to which you agree with the following statements with regards to employee participation in your organization (**where 1-strongly disagree, 2-diasagree, 3-neutral, 4-agree, and 5-strongly agree**).

	STATEMENT	1	2	3	4	5
i	The organization culture in my company enhances teamwork and learning amongst employees.					
ii	The management of my organization frequently communicate with employees during key decision making.					
iii	Employees in my organization understand their job roles and functions and how they contribute to the success of the organization.					
iv	I have the support of my co-workers that enables me do my job well.					
v	I feel that my contribution is recognized and taken into consideration in my organization.					
vi	My organization measures success of culture change initiatives					

	through the employee opinion survey.					
vii	I feel that my organization does well in communicating changes or decisions that affect employees.					

#### SECTION D: ORGANIZATION PERFORMANCE

11. State the extent to which you agree with the following statements with regards to employee satisfaction in your organization (**where 1-strongly disagree, 2-diasagree, 3-neutral, 4-agree, and 5-strongly agree**).

	STATEMENT	1	2	3	4	5
i	I receive feedback and recognition from the management for my efforts					
ii	I have required the tools and resources to do my job well					
iii	My work gives me a feeling of personal accomplishment					
iv	I feel encouraged to come up with new and better ways of doing things.					
v	My job makes good use of my skills and abilities					
vi	There is good and supportive relationship with co-workers and supervisors					
vii	I consistently meet my target quotas and goals					
viii	I feel that my personal values fit with those of the organization					
ix	My current duties and work assignments are in line with my career goals					
x	Overall, I am satisfied with my job					

### **APPENDIX III: LIST ON MNCS WITH AFRICA REGIONAL HEADQUARTERS IN NAIROBI KENYA**

1. BASF
2. Standard Chartered Bank
3. Rockefeller Foundation
4. Kuehne+Nagel Ltd
5. International Livestock Research Institute (ILRI)
6. Toyota
7. PricewaterhouseCoopers
8. Mitsubishi Motors
9. LG
10. Bharti Airtel
11. Prudential Insurance
12. DB Schenker
13. Coca Cola
14. Serena Hotels
15. Huawei
16. Sony
17. Google
18. General Electric
19. Citibank
20. Diageo
21. Cisco Systems
22. Bosch
23. MasterCard
24. Pfizer
25. Nestle
26. Nokia Research Hub
27. Heineken
28. Intel Corporation
29. IBM

- 30. ICAO
- 31. Blackberry Ltd
- 32. AVIC International
- 33. Asus
- 34. Bank of India
- 35. Kaspersky Lab
- 36. Motorola Solutions
- 37. Stratlink Global
- 38. TNT
- 39. Qualcomm
- 40. IMF
- 41. Bank of China
- 42. Sage Group
- 43. Xinhua News Agency